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ACTION EA-12
INFO OCT-01 EUR-12 NEA-06 ADS-00 AID-07 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-17 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
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R 280922Z JAN 80
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 5155
INFO USINT BAGHDAD
AMEMBASSY BEIJING
AMEMBASSY BONN
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY SEOUL

C O N F I D E N T I A L TOKYO 01551
E.O. 12065: GDS 01/28/86 (BARRACLOUGH, W.) OR-E
TAGS: EEWT, ENRG, KN, JA
SUBJECT: NORTH KOREA PROPOSAL TO SELL MIDDLE EAST PETROLEUM PRODUCTS TO JAPAN

1. (C). SUMMARY: JANUARY 23 NIHON KEIZAI REPORT STATED N. KOREA HAD OFFERED TO SELL SMALL AMOUNTS OF CRUDE OIL PURCHASED FROM MIDDLE EAST COUNTRIES TO JAPAN. MOFA CONFIRMED N. KOREANS HAD OFFERED TO SELL CRUDE OIL AND NAPTHA TO JAPANESE TRADING FIRMS BUT SAID NO DEAL HAD BEEN CONCLUDED BY ANY JAPANESE FIRM. END SUMMARY.

2. (U). NIHON KEIZAI JANUARY 23 REPORTED THAT N. KOREA RECENTLY OFFERED TO SELL THE JAPANESE ABOUT 400,000 TONS OF CRUDE OIL PER YEAR. THE

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ARTICLE STATED CHINA AND THE USSR PRESENTLY PROVIDE N. KOREA WITH ALL OF ITS OIL REQUIREMENTS, SO THE "SEVERAL 100,000 TONS" OF OIL FROM IRAQ, KUWAIT AND IRAN GOING TO N. KOREA UNDER RECENTLY CONCLUDED GOVERNMENT TO GOVERNMENT AGREEMENTS WOULD BE SURPLUS. N. KOREA IS TO GET MIDDLE EAST OIL AT THE LOW RATE, "FRIENDSHIP PRICES" APPLIED TO NON-OIL PRODUCING LDCS AND, BECAUSE IT HAS NO STOCKPILING FACILITIES, WOULD RE-SELL IT TO JAPAN OR OTHER COUNTRIES AT REGULAR MARKET PRICES. N. KOREA MAY USE THE PROFITS FOR DEBT PAYMENTS TO JAPAN. THE PRESS STORY SAID JAPANESE TRADING FIRMS FRIENDLY TO N. KOREA CONFIRMED THE OFFER HAD BEEN MADE BUT THEY MUST SEEK AGREEMENT FROM JAPANESE REFINERIES

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AND THE MIDDLE EAST COUNTRIES PROVIDING THE OIL BEFORE A DECISION IS REACHED.

3. (C). A MOFA NORTHEAST ASIA BUREAU OFFICIAL CONFIRMED THAT THE N. KOREAS HAVE MADE APPROACHES TO JAPANESE TRADING FIRMS BUT SAID THE EXACT AMOUNT OF CRUDE OIL OFFERED AND THE PRICE TERMS ARE NOT KNOWN. HE ADDED THAT THE N. KOREANS LAST NOVEMBER/DECEMBER HAD OFFERED 20,000 TONS OF NAPTHA TO SEVERAL JAPANESE FIRMS VISITING N. KOREA BUT NO DEAL HAD BEEN MADE. ACCORDING TO MOFA OFFICIAL, WHILE THE N. KOREANS HAVE TRADE TREATIES OR AGREEMENTS WITH IRAQ (1959), KUWAIT (1967), AND IRAN (1973) AND WHILE N. KOREA'S VICE PRIME MINISTER VISITED IRAN THIS JANUARY 9-19, MOFA HAD NO INFORMATION THAT N. KOREA ACTUALLY CONCLUDED SUPPLY AGREEMENTS FOR CRUDE OIL FROM THESE COUNTRIES. HE PROMISED TO KEEP EMBASSY INFORMED OF ANY DEVELOPMENTS.

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